

## **The complaint**

Mrs S has complained about the way that Royal & Sun Alliance Insurance Limited (RSA) handled a claim under her landlord insurance policy for damage caused by a water leak.

## **What happened**

On 20 January 2024 Mrs S made a claim to RSA for damage caused by a leak from a water pipe in the loft of a property she had bought to let out. RSA asked Mrs S for some information, including photos of the damage and estimates for repairs from two contractors.

Mrs S sent RSA photos in early February. On 14 February she sent RSA quotes for around £90,000. After some investigations on 1 March RSA accepted the claim. It appointed a loss adjuster to confirm the scope and cost of repairs. The loss adjuster arranged to visit the property on 14 March but didn't complete her report, so a further visit was required. RSA instructed a drying company which started drying on 20 March but it didn't strip out the property until 17 April in order to dry the property thoroughly.

Initially RSA incorrectly led Mrs S to believe that the policy covered her for loss of rent. It later said that this wasn't covered.

RSA sent Mrs S a scope of works on 3 June. There was some discussion about the amount of work required to reinstate the property. On 24 June RSA told Mrs S it would pay up to £60,837 to have the works carried out or said its own contractor could carry out the repairs. After Mrs S challenged some elements of the scope of works, on 9 July RSA increased its offer of a cash to £67,612 plus up to a maximum of £6,761 plus VAT for a surveyor to project manage the works. It also offered her a cash settlement of £65,000 in full and final settlement. On 23 July it increased its offer of a cash settlement to £68,250. Mrs S said she would accept a cash settlement of £75,000. On 29 July RSA increased its cash settlement offer to £70,000, later on 7 August increased to £71,066. Payment was issued two days later.

In response to complaints from Mrs S, RSA apologised for the delays in dealing with the claim and poor service. It paid Mrs S a total of £400 compensation.

Mrs S referred her complaint to this service. She wanted RSA to pay her seven months' loss of rent and £10,000 to account for the time, effort and stress caused by its delays. Our Investigator recommended the complaint be upheld in part. She thought RSA had caused an avoidable delay of about two months and so should pay Mrs S two months' loss of rent plus interest.

RSA agreed with our Investigator's recommendation but Mrs S thought there had been delays of at least three and a half months. She also thought compensation of £400 wasn't enough.

As Mrs S didn't agree with our Investigator's view, the matter has been referred to me.

## **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

When dealing with a claim, an insurer should do so promptly. When looking at whether there has been any delay on the part of an insurer in dealing with a claim, my benchmark is not the minimum time within which the claim could have been completed but what was reasonably achievable bearing in mind that the various parties working for RSA on the claim can't be expected to be immediately available when required.

Mrs S has explained in detail the delays that she experienced. Having reviewed the timeline of this claim I agree with our Investigator that overall the claim wasn't progressed as promptly as I would have expected.

Before accepting the claim RSA carried out some investigations. For example, it contacted Mrs S's letting agent. This is normal when a large claim is made shortly after a policy has been taken out. It also appeared that the property was underinsured although that didn't ultimately affect the claim. So I don't think there was any unreasonable delay in the two-week period between RSA receiving Mrs S's repair quotes and it accepting the claim on 1 March.

However, there were some delays with drying the property. Humidifiers were installed on 20 March but the strip out works weren't completed until 17 April which delayed the drying process. Drying was completed by mid-May. Although drying times can vary and I wouldn't expect drying to start immediately, I usually think it should be possible to dry most properties within four weeks unless it's a particularly large or complex loss which wasn't the case here.

During the claim there were various issues such as the loss adjuster being sick and RSA's contractor missing an appointment but overall I don't think they significantly delayed the claim as they were mostly during the drying period.

The other main cause of delay concerned the preparation of the scope of repair works as Mrs S only received the first scope of works drawn up by RSA on 3 June. I don't think that in itself was unreasonable as it can only really be finalised after drying has been completed. But it is unfortunate that the scope of works missed certain areas and that led to a delay in finalising the cash settlement.

I agree with our Investigator that RSA caused about two months of avoidable delays in finalising this claim. Although loss of rent isn't covered by the policy, I think it's only fair that RSA should cover Mrs S's loss of rent to the extent that it delayed the claim.

A claim of this nature would always have involved a degree of stress and inconvenience on Mrs S's part. I'm looking at the extent to which RSA made this worse for Mrs S than it needed to have been. I note that during the seven months of the claim Mrs S had to chase RSA frequently. Knowing that each delay left her further out of pocket for loss of rent must have been very stressful for her. It would also have been very disappointing to have been given incorrect information about the cover for loss of rent. To its credit RSA has recognised that its claim handling wasn't as good as it should have been and offered £400 compensation for this. Having taken into consideration all the information provided I think that amount of compensation is fair for the trouble and upset RSA caused and is in line with what I would have awarded had no offer of compensation been made.

### **My final decision**

For the reasons set out above, I uphold this complaint and require Royal & Sun Alliance Insurance Limited to pay Mrs S two months' loss of rent plus simple interest of 8% a year from two months before the claim settlement was paid to the date of payment.

HM Revenue & Customs may require Royal & Sun Alliance Insurance Limited to deduct tax from any award of interest. It should give Mrs S a certificate showing how much tax has been taken off if she asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 13 June 2025.

Elizabeth Grant  
**Ombudsman**